



# Public Pension Oversight Board Retiree Healthcare

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# KRS Retiree Healthcare History

**1978** – General Assembly enacted legislation to provide group hospital and medical insurance for recipients of a retirement allowance.

**\*2003** – General Assembly removed retiree health insurance benefits from the inviolable contract for members who began participating on or after July 1, 2003. Retirees must have 10 years of service to be eligible to participate in KRS' health insurance program.

**2006** – For its Medicare-eligible population, KRS began offering self-insured plans for both medical and prescription drug benefits.

**2008** – General Assembly enacted legislation to require retirees who began participating on or after Sept. 1, 2008, to have 15 years of service to be eligible to participate in KRS' health insurance program.

**2010** – KRS implemented Employer Group Waiver Plan (EGWP) – a Prescription Drug Benefit Plan that has a direct contract with Centers for Medicare & Medicaid Services for providing prescription drug coverage to eligible beneficiaries.

**2013** – KRS began offering fully insured Medicare Advantage plans.

*\*The KRS percentage health insurance contribution and inviolable contract protection includes a small population of members who began participating on or after July 1, 2003, and before August 1, 2004, but hired by a participating agency prior to July 1, 2003.*

# KRS Retiree Healthcare

## ***Percentage Contribution - Members who began participating prior to July 1, 2003***

Non-Hazardous Service	Member % of Contribution Rate Paid	Hazardous Service	Member & Dependent % of Contribution Rate Paid
Less than 4 years	0%	Less than 4 years	0%
4 - 9 years	25%	4 - 9 years	25%
10 - 14+ years	50%	10 - 14+ years	50%
15 - 19+ years	75%	15 - 19+ years	75%
20 or more years	100%	20 or more years	100%

Total Members 78,097

# KRS Retiree Healthcare

## Dollar Contribution

***Eligibility requirement*** – *Members who began participating between July 1, 2003 and August 31, 2008:*

The member must earn at least one hundred twenty (120) months of service in the state-administered retirement systems. There are 928 eligible, but only 449 have enrolled.

***Eligibility requirement*** - *Members who began participating on or after September 1, 2008:*

The member must earn at least one hundred eighty (180) months of service in the state-administered retirement systems.

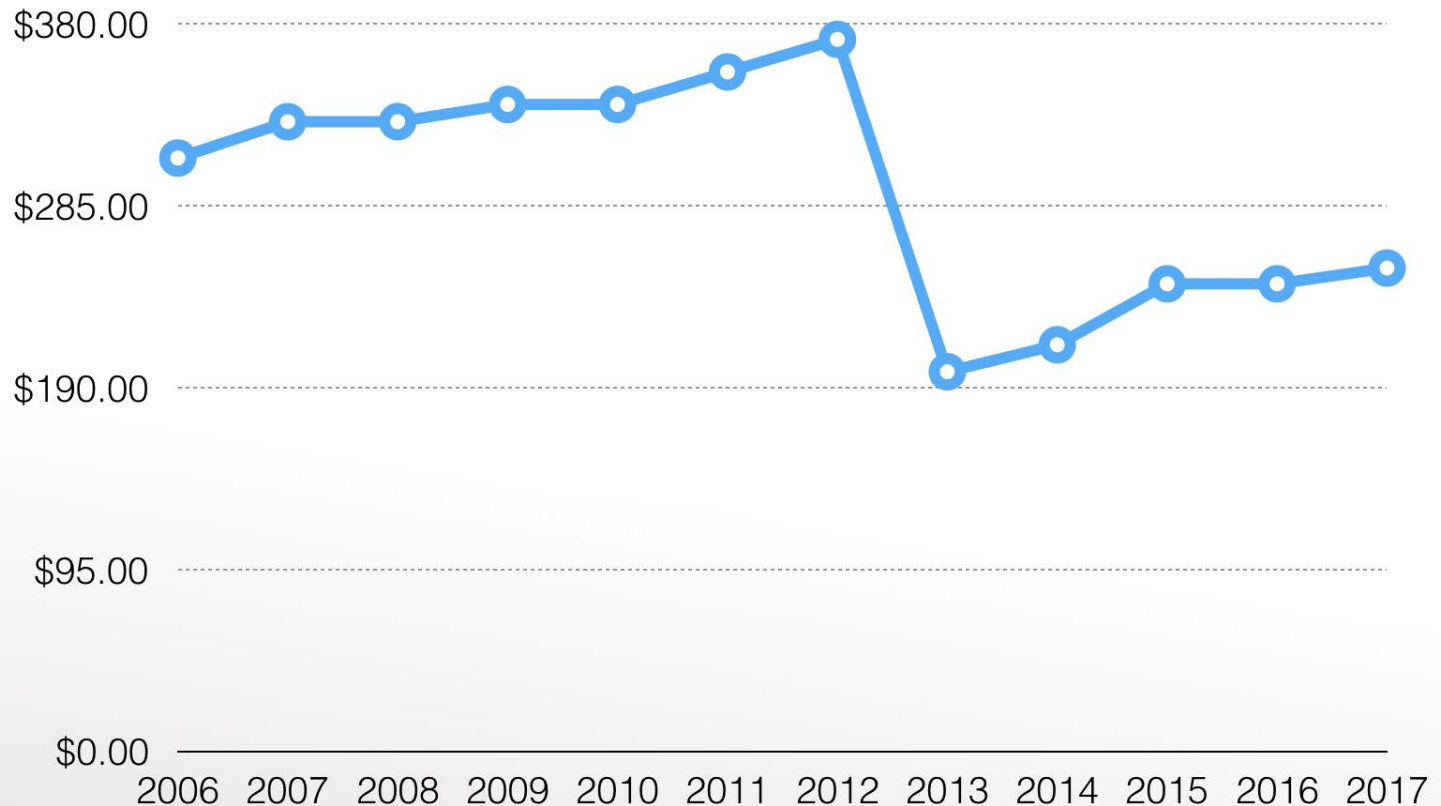
## Available Benefits

**Non-hazardous members** whose participation began on or after July 1, 2003, will earn a monthly contribution for insurance of ten dollars (\$10) for each year of earned service.

**Hazardous duty members** whose participation began on or after July 1, 2003, will earn a monthly contribution for insurance of fifteen dollars (\$15) for each year of earned service in a hazardous position. Upon the retiree's death, the spouse of a hazardous duty member will receive a monthly insurance contribution of ten dollars (\$10) for each year of hazardous duty provided the spouse is designated as beneficiary and remains eligible for monthly benefits upon the retired member's death.

*The monthly insurance contribution will be increased July 1 each year by 1.5%. The annual increase shall be cumulative and shall continue to accrue after the member's retirement for as long as a monthly insurance contribution is payable to the retired member or beneficiary. As of July 1, 2016 the current rate for hazardous is \$19.48, the current rate for non-hazardous is \$12.99.*

## KRS Medicare Premium Plan Contribution History (Calendar Year)



Average Annual  
Enrollments

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
30,188	31,668	33,286	34,720	35,742	36,804	39,550	43,989	46,382	48,767	51,467	TBD

***KRS Medicare Advantage Plans began in 2013, realized savings of \$30.6 million***

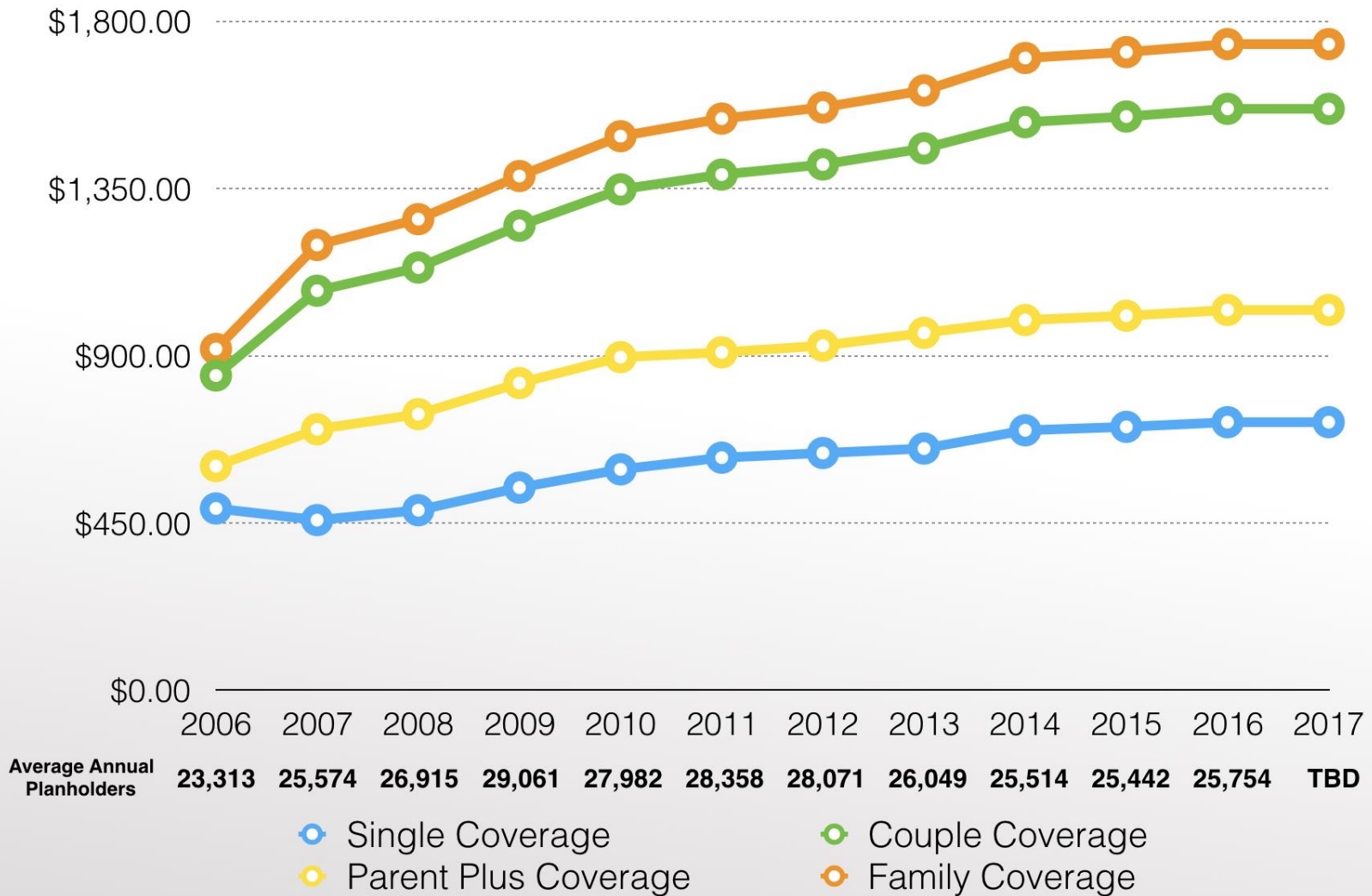
Reflects percentage contribution rate for retirees who have 20 years or greater of service credit and includes hazardous duty dependents.

## 2016 & 2017 Medicare Plan Premiums/Percentage Contribution

Plan Name	2016 Humana Medicare Advantage	2017 Humana Medicare Advantage	Percent Change
Premium Plan Rate	\$244.25	\$252.51	3.3%
Essential Plan Rate	\$77.76	\$77.76	
Medical Only	\$158.25	\$162.47	2.7%

- Premium Plan Rate is the 100% contribution for retirees with 20 years or greater service credit. Premium Plan Rate is the 100% contribution for dependents of Hazardous Duty retirees with 20 years or greater service credit. Example: Centers for Medicare & Medicaid Services (CMS) prescription drug benefit for the Essential Medicare Advantage Plan – CMS has advised the deductible is changing from \$360 in 2016 \$400 in 2017 to help close the coverage gap by 2020.
- Medical Only is a KRS Self-Insured Plan

# KRS Non-Medicare Eligible Contribution History



Reflects percentage contribution rate for retirees who have 20 years or greater of service credit and includes hazardous duty dependents.

## 2016 & 2017 KEHP Plan Premiums/Percentage Contribution

Plan Name	Single		Parent Plus		Couple		Family		Family X-Ref	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
LivingWell CDHP	\$702.10	\$702.10	\$967.18	\$967.18	\$1302.74	\$1,302.74	\$1,453.94	\$1,453.94	\$810.00	\$810.00
*LivingWell PPO	\$721.14	\$721.14	\$1,023.04	\$1,023.04	\$1,564.20	\$1,564.20	\$1,738.40	\$1,738.40	\$865.64	\$865.64
Standard PPO	\$677.74	\$678.22	\$936.36	\$964.58	\$1,474.84	\$1,477.72	\$1,640.84	\$1,644.22	\$814.72	\$815.64
Standard CDHP	\$663.68	\$663.80	\$930.34	\$930.94	\$1,429.26	\$1,431.76	\$1,591.52	\$1,594.52	\$792.90	\$793.18

\*LivingWell PPO Single Premium is the 100% contribution for retirees with 20 years or greater service credit. LivingWell PPO Parent Plus, Couple and Family Premium is the 100% contribution for Hazardous Duty retiree dependents with 20 years or greater service credit.



## Open Enrollment Expectations

- Provide health insurance benefits for approximately 90,000 retirees and eligible dependents
- **Mandatory** KEHP (Non-Medicare) Open Enrollment between Oct. 1-24, 2016
- **Passive** Medicare Eligible Open Enrollment between Oct. 24 – Nov. 27, 2016
- Process 30,000 + applications both in paper and via on-line web enrollments; we anticipate 30% will enroll online
- Assist 20,000 + retirees via our Call Center
- Counsel 6,000 + retirees in Frankfort KRS Office and at Benefit Fairs throughout the Commonwealth

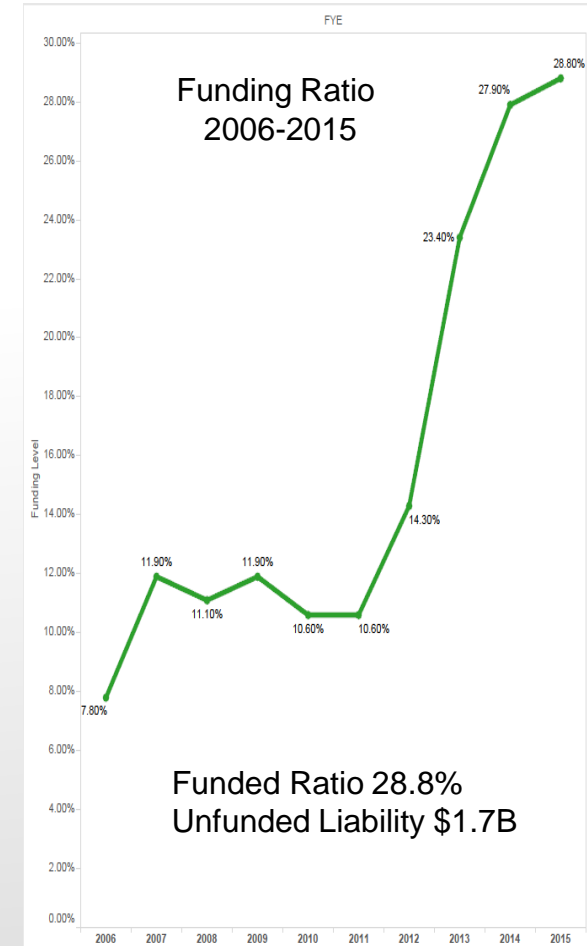
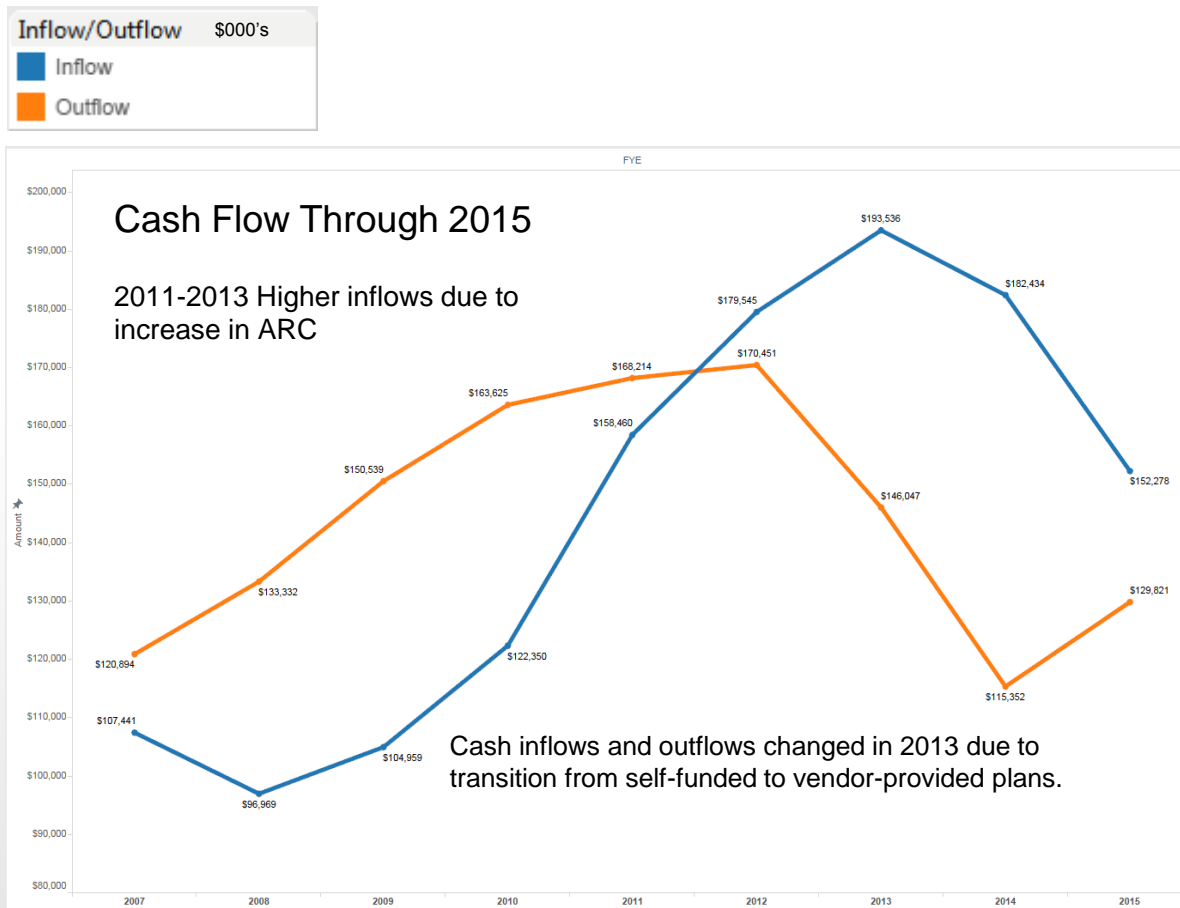
Insurance Fund Cash Flows  
2007–2015 and  
Insurance Funding Ratios 2006-2015

# INSURANCE FUND

## Kentucky Employees Non Hazardous

### Cash Flow & Funding Ratio

KERSNHZ has experienced positive cash flow since 2012 and improved funding levels from 7.8% in 2006 to 28.8% in 2015



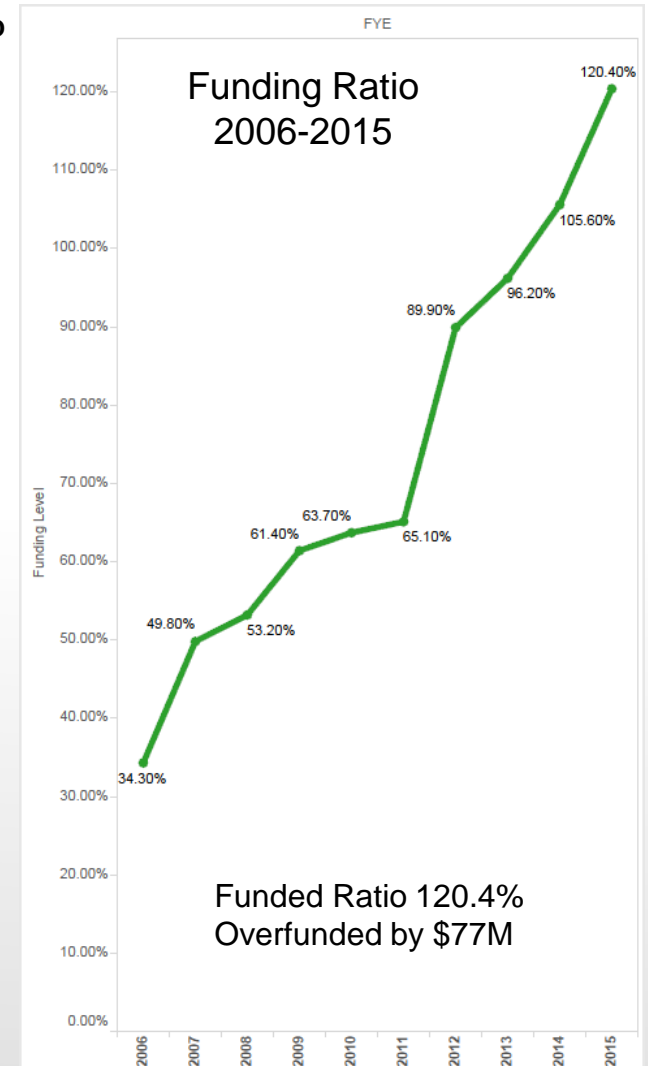
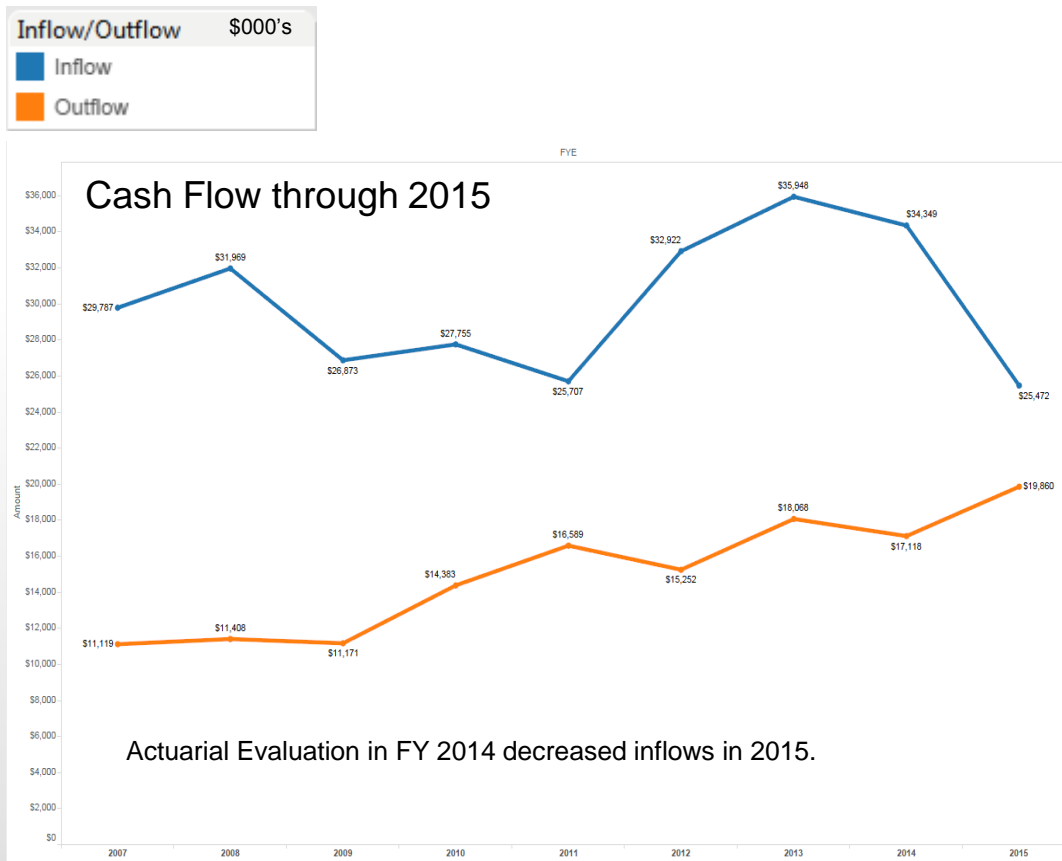
**Note: Cash flow excludes unrealized Investment gains/losses**

# INSURANCE FUND

## Kentucky Employees Hazardous

### Cash Flow & Funding Ratio

KERSHZ has historically experienced positive cash flows, leading to increased funding levels from 34.3% in 2006 to 120.4% in 2015.



**Note:** Cash flow excludes unrealized Investment gains/losses

# INSURANCE FUND

## State Police

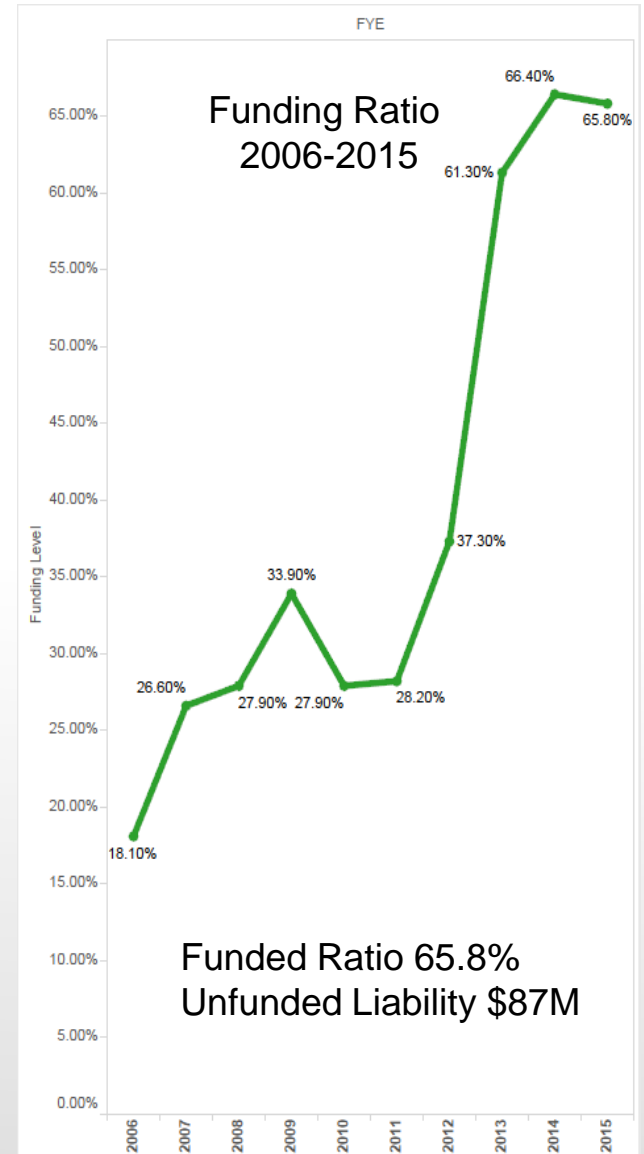
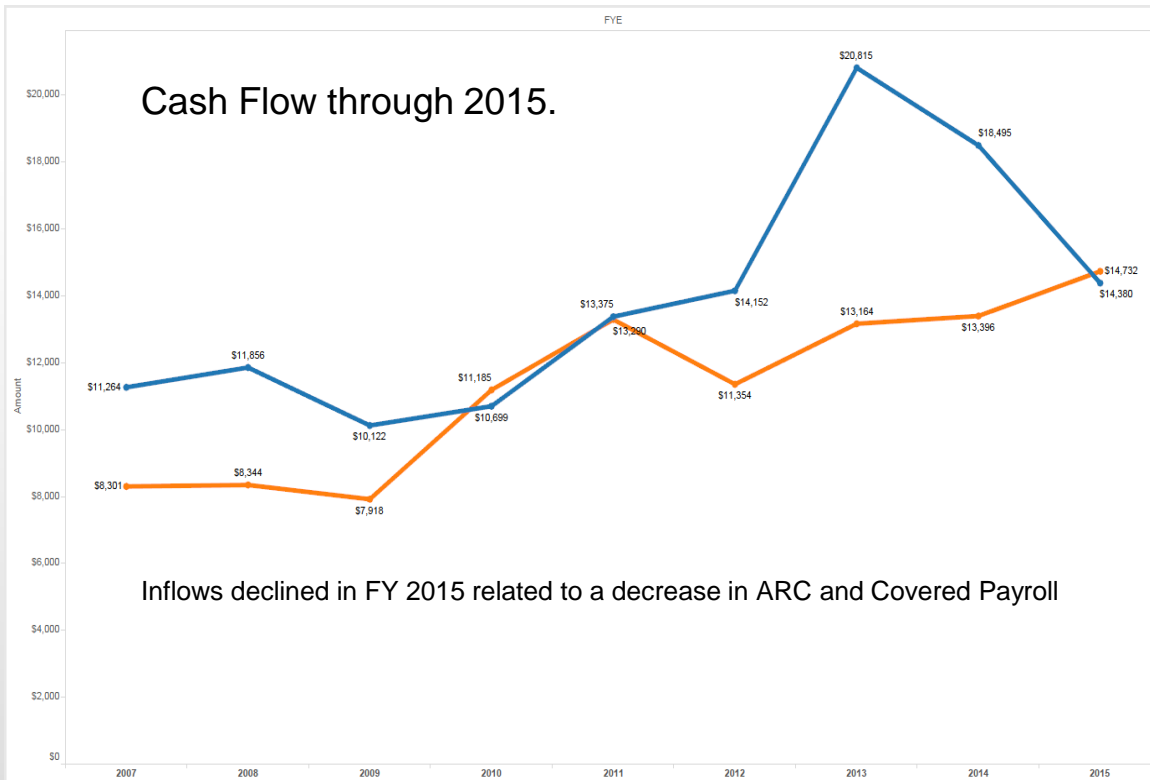
### Cash Flow & Funding Ratio

SPRS has experienced stable cash flows and funding levels increased from 18.1% in 2006 to 65.8% in 2015.

Inflow/Outflow \$000's

Inflow

Outflow



Note: Cash flow excludes unrealized Investment gains/losses

# INSURANCE FUND

## County Employees Non Hazardous

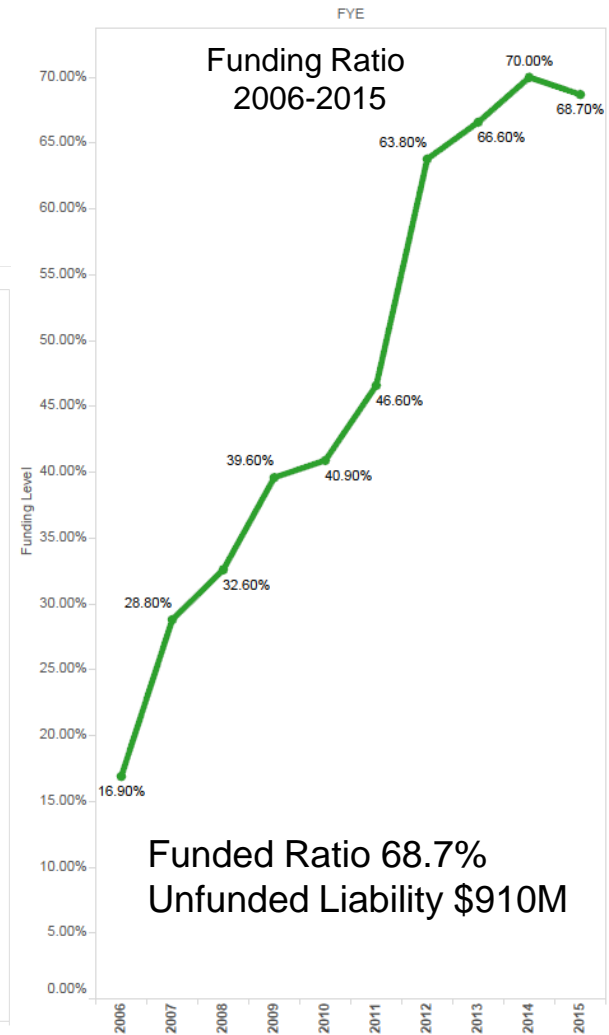
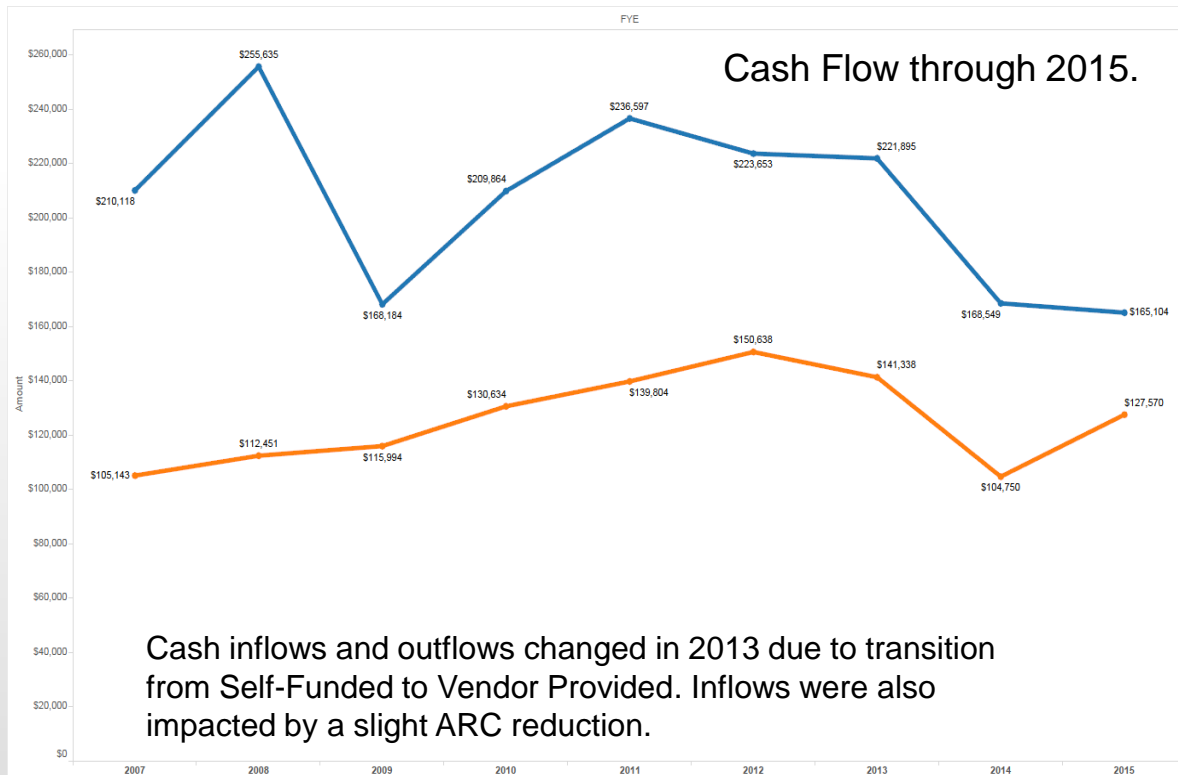
### Cash Flow & Funding Ratio

CERSNHZ has historically experienced positive cash flows and funding levels improved from 16.9% in 2006 to 68.7% in 2015.

Inflow/Outflow \$000's

■ Inflow

■ Outflow



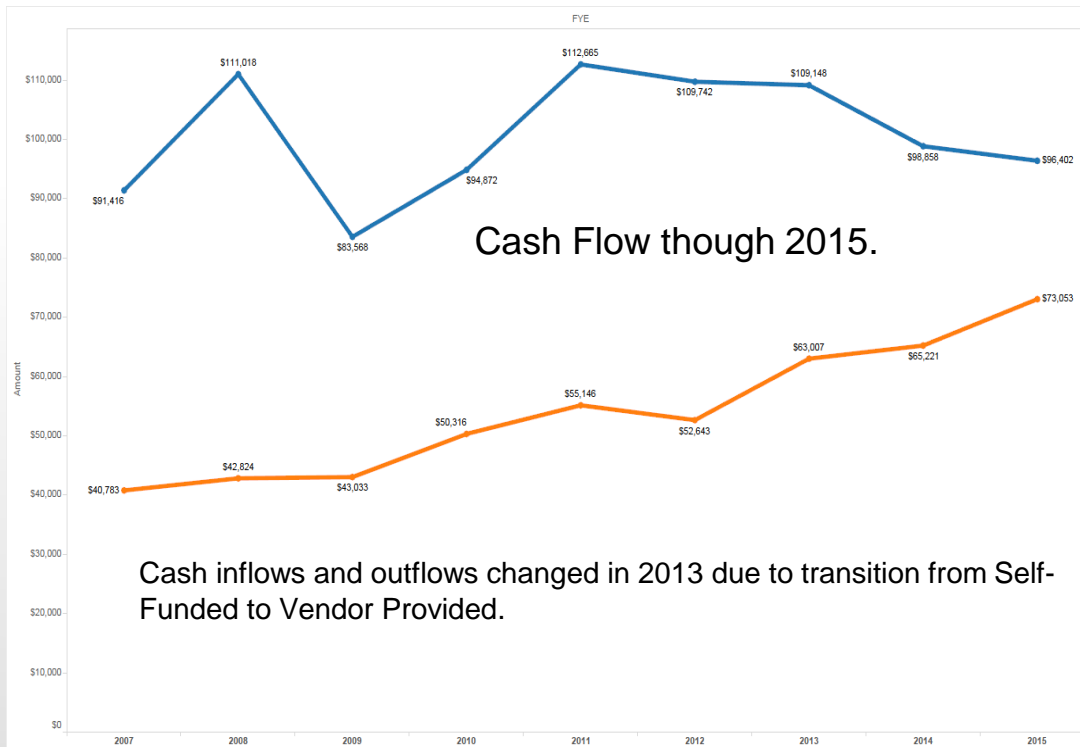
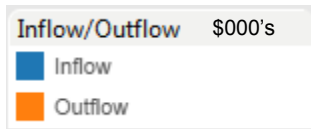
Note: Cash flow excludes unrealized Investment gains/losses

# INSURANCE FUND

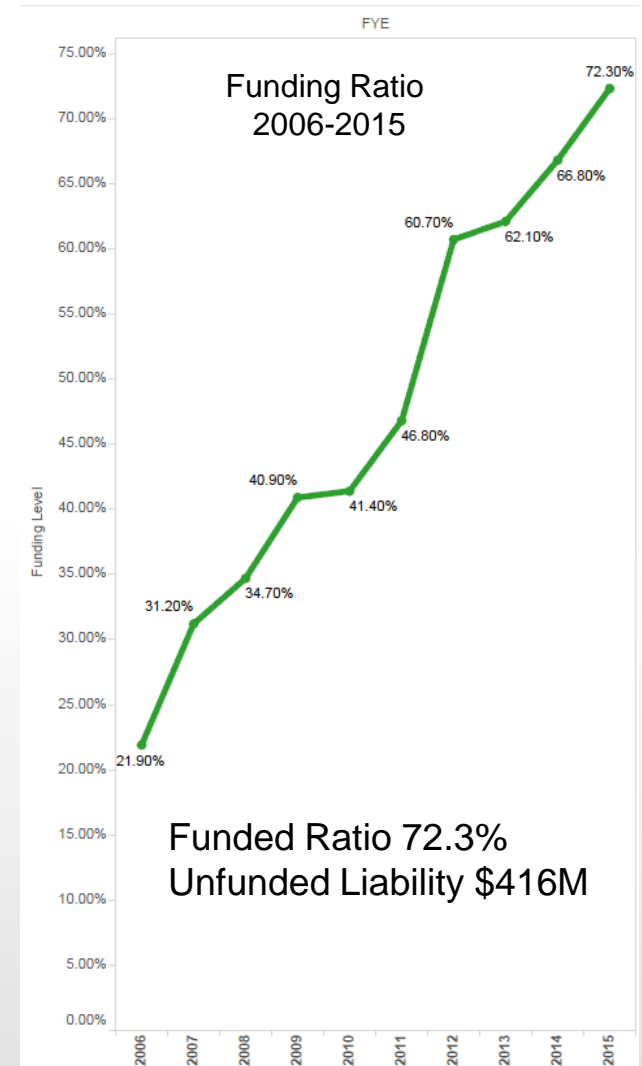
## County Employees Hazardous

### Cash Flow & Funding Ratio

CERSHZ has historically experienced positive cash flows and funding levels improved from 21.9% in 2006 to 72.3% in 2015.



Note: Cash flow excludes Investment gains/losses



# KENTUCKY RETIREMENT SYSTEMS

## Insurance Contribution Rates For the Period 2006-2018

	KERSNHZ	KERSHZ	CERSNHZ	CERSHZ	SPRS
2006	2.50%	11.41%	6.43%	13.79%	12.60%
2007	2.92%	13.25%	7.22%	15.10%	13.06%
2008	3.03%	14.46%	9.19%	18.86%	13.77%
2009	4.22%	14.56%	5.74%	14.46%	14.79%
2010	4.96%	14.80%	7.54%	16.86%	16.27%
2011	7.40%	15.40%	6.90%	16.46%	24.10%
2012	8.23%	16.65%	7.26%	17.85%	25.58%
2013	8.75%	16.38%	6.93%	17.50%	30.43%
2014	9.50%	17.32%	5.15%	13.93%	31.65%
2015	7.93%	9.97%	4.92%	13.58%	21.86%
2016	7.93%	9.97%	4.64%	12.69%	21.86%
2017	8.35%	2.74%	4.73%	9.35%	18.87%
2018	8.41%	2.26%	TBD	TBD	18.77%



# Appendix

## **Comments for Appendix**

**Medicare Drug Subsidy** – KRS was reimbursed by CMS for providing prescription drug coverage to retirees for Plan Years 2006 – 2009. A total of \$64.8 million was received from CMS. Please note that the yearly reimbursement is identified via line item “Insurance Subsidy Appropriation” on the following cash flow analyses.

**EGWP (Employer Group Waiver)** is a Prescription Drug Benefit Plan that has a direct contract with CMS for providing prescription drug coverage to a group of eligible beneficiaries. This reimbursement was approximately \$1.5 Million each month for Plan Years 2010 - 2012. Please note that the yearly reimbursement is identified via line item “Employer Group Waiver” on the following cash flow analyses.

# KERSNHZ Cash Flow 2006-2016

KENTUCKY RETIREMENT SYSTEMS											
Cash Flow											
Insurance Fund											
Kentucky Employees Insurance Fund (KERSNHZ)											
	\$000's										
As of June 30	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contributions</b>											
Employer Contributions	43,749	64,014	56,745	74,434	92,679	123,256	146,844	162,191	164,176	132,208	131,936
Insurance Subsidy Appropriation	3,886	10,744	6,634	8,168	8,551						
Employer Group Waiver						10,025	7,856	4,846	8		
Premiums Received from Retirees	5,770	12,196	12,940	12,211	12,290	13,235	12,229	11,154	917	272	240
Retired Reemployed Healthcare				109	1,298	2,591	3,437	3,140	2,434	3,732	3,880
Interest/Dividends	12,626	14,737	13,596	8,664	7,290	9,092	9,167	11,734	14,724	15,914	12,142
Securities Lending Income	3,242	5,750	7,054	1,373	242	261	12	471	175	152	248
<b>Total Inflows</b>	<b>69,273</b>	<b>107,441</b>	<b>96,969</b>	<b>104,959</b>	<b>122,350</b>	<b>158,460</b>	<b>179,545</b>	<b>193,536</b>	<b>182,434</b>	<b>152,278</b>	<b>148,446</b>
Healthcare Premiums	(78,156)	(66,590)	(73,160)	(89,542)	(96,943)	(101,785)	(104,900)	(109,932)	(111,051)	(123,127)	(126,550)
Administration Fees	(1,679)	(3,199)	(3,487)	(4,104)	(4,333)	(4,667)	(5,203)	(4,285)	(719)	(893)	(820)
Tax								0	(17)	(3)	(6)
Self Funding Insurance	(17,667)	(44,264)	(49,786)	(55,494)	(60,876)	(60,019)	(58,941)	(30,225)	(1,620)	(2,145)	(2,095)
Demutualization Proceeds Refunded	(20,000)	(805)									
Investment Expense	(605)	(554)	(700)	(575)	(1,415)	(1,665)	(1,420)	(1,571)	(1,929)	(3,682)	(3,528)
Securities Lending Borrower Rebates	(2,960)	(5,432)	(5,980)	(701)	(11)	(33)	23	2	14	53	(10)
Security Lending Agent Fee	(53)	(50)	(219)	(123)	(47)	(45)	(10)	(36)	(30)	(24)	(36)
<b>Total Outflows</b>	<b>(121,120)</b>	<b>(120,894)</b>	<b>(133,332)</b>	<b>(150,539)</b>	<b>(163,625)</b>	<b>(168,214)</b>	<b>(170,451)</b>	<b>(146,047)</b>	<b>(115,352)</b>	<b>(129,821)</b>	<b>(133,045)</b>
<b>Net Position excluding Gains/Losses</b>	<b>(51,847)</b>	<b>(13,453)</b>	<b>(36,363)</b>	<b>(45,580)</b>	<b>(41,275)</b>	<b>(9,754)</b>	<b>9,094</b>	<b>47,489</b>	<b>67,082</b>	<b>22,457</b>	<b>15,401</b>
<b>Investment Activity</b>											
Net Appreciation of Investment in Fair Value	53,531	64,426	(52,716)	(163,532)	44,706	69,615	(12,575)	30,061	83,783	(3,723)	(12,720)
<b>Total Net Position</b>	<b>\$1,684</b>	<b>\$50,973</b>	<b>(\$89,079)</b>	<b>(\$209,112)</b>	<b>\$3,431</b>	<b>\$59,861</b>	<b>(\$3,481)</b>	<b>\$77,550</b>	<b>\$150,865</b>	<b>\$18,734</b>	<b>\$2,681</b>
<b>Market Value of Assets Ending 6/30</b>	<b>\$ 612,585</b>	<b>\$ 663,558</b>	<b>\$ 574,479</b>	<b>\$ 365,367</b>	<b>\$ 368,798</b>	<b>\$ 428,659</b>	<b>\$ 418,490</b>	<b>\$ 496,040</b>	<b>\$ 646,905</b>	<b>\$ 665,639</b>	<b>\$ 668,319</b>
Actuarial Liability	\$ 7,815,481	\$ 5,201,355	\$ 5,431,499	\$ 4,507,326	\$ 4,466,136	\$ 4,280,090	\$ 3,125,330	\$ 2,128,754	\$ 2,226,760	\$ 2,413,705	
Unfunded Liability (based on Actuarial Calculations)	(7,204,130)	(4,580,183)	(4,828,302)	(3,973,153)	(3,994,794)	(3,828,469)	(2,679,250)	(1,631,170)	(1,605,523)	(1,718,687)	
Funded Ratio	7.8%	11.9%	11.1%	11.9%	10.6%	10.6%	14.3%	23.4%	27.9%	28.8%	
<b>Actuarial Required Contributions (ARC)</b>											
Recommended	5.77%	6.45%	32.82%	12.06%	12.33%	16.81%	16.41%	16.52%	12.71%	7.93%	7.93%
Budgeted	2.50%	2.92%	3.03%	4.22%	4.96%	7.40%	8.23%	8.75%	9.50%	7.93%	7.93%
Variance	-3.27%	-3.53%	-29.79%	-7.84%	-7.37%	-9.41%	-8.18%	-7.77%	-3.21%	0.00%	0.00%

- **Insurance Subsidy Appropriation** – for FY 2006 the money represents an Insurance Subsidy received from the General Fund and 2007-2010 are funds received for Medicare Drug Subsidy.
- **Employer Group Waiver** – Prescription Drug Benefit Plan that had a direct contract with CMS for providing prescription drug coverage to a group of eligible beneficiaries.

# KERSHZ Cash Flow 2006-2016

KENTUCKY RETIREMENT SYSTEMS											
Cash Flow											
Insurance Fund											
Kentucky Hazardous Employees Insurance Fund (KERSHZ)											
	\$000's										
As of June 30	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contributions</b>											
Employer Contributions	16,243	19,535	21,997	20,803	21,835	18,826	23,984	25,144	23,336	14,173	15,929
Insurance Subsidy Appropriation	769	105	74	186	319						
Employer Group Waiver						365	351	243			
Premiums Received from Retirees	88	204	247	296	749	329	339	357	38	14	(13)
Retired Reemployed Healthcare				4	86	259	537	538	538	709	837
Interest/Dividends	4,393	5,888	6,322	4,735	4,583	5,729	7,702	9,406	10,293	10,473	8,187
Securities Lending Income	2,564	4,055	3,329	849	183	199	9	260	144	103	164
<b>Total Inflows</b>	<b>24,057</b>	<b>29,787</b>	<b>31,969</b>	<b>26,873</b>	<b>27,755</b>	<b>25,707</b>	<b>32,922</b>	<b>35,948</b>	<b>34,349</b>	<b>25,472</b>	<b>25,104</b>
Healthcare Premiums	(6,370)	(6,472)	(7,598)	(9,187)	(11,220)	(12,723)	(11,047)	(14,793)	(15,448)	(16,900)	(17,439)
Administration Fees	(63)	(83)	(95)	(144)	(200)	(223)	(335)	(179)	(77)	(101)	(98)
Tax									(1)		
Self Funding Insurance	(143)	(402)	(471)	(1,117)	(2,236)	(2,604)	(2,894)	(2,044)	42	(100)	(51)
Investment Expense	(273)	(286)	(320)	(223)	(685)	(980)	(985)	(1,018)	(1,622)	(2,778)	(3,290)
Securities Lending Borrower Rebates	(2,356)	(3,839)	(2,821)	(425)	(8)	(25)	16	(4)	11	35	(9)
Security Lending Agent Fee	(43)	(37)	(103)	(75)	(34)	(34)	(7)	(30)	(23)	(16)	(23)
<b>Total Outflows</b>	<b>(9,248)</b>	<b>(11,119)</b>	<b>(11,408)</b>	<b>(11,171)</b>	<b>(14,383)</b>	<b>(16,589)</b>	<b>(15,252)</b>	<b>(18,068)</b>	<b>(17,118)</b>	<b>(19,860)</b>	<b>(20,910)</b>
<b>Net Position excluding Gains/Losses</b>	<b>14,809</b>	<b>18,668</b>	<b>20,561</b>	<b>15,702</b>	<b>13,372</b>	<b>9,118</b>	<b>17,670</b>	<b>17,880</b>	<b>17,231</b>	<b>5,612</b>	<b>4,194</b>
<b>Investment Activity</b>											
Net Appreciation of Investment in Fair Value	19,778	38,760	(32,147)	(65,502)	38,367	40,316	(6,675)	24,273	43,411	(24)	(5,911)
<b>Total Net Position</b>	<b>\$34,587</b>	<b>\$57,428</b>	<b>(\$11,586)</b>	<b>(\$49,800)</b>	<b>\$51,739</b>	<b>\$49,434</b>	<b>\$10,995</b>	<b>\$42,153</b>	<b>\$60,642</b>	<b>\$5,588</b>	<b>(\$1,717)</b>
<b>Asset Value Ending 6/30</b>	<b>\$223,458</b>	<b>\$280,886</b>	<b>\$269,300</b>	<b>\$219,500</b>	<b>\$271,239</b>	<b>\$320,673</b>	<b>\$330,730</b>	<b>\$372,883</b>	<b>\$433,525</b>	<b>\$439,113</b>	<b>\$437,396</b>
Actuarial Liability	621,238	504,843	541,657	491,132	493,298	507,059	384,592	385,518	396,987	374,904	
Unfunded Liability (based on Actuarial Calculations)	(408,405)	(253,306)	(253,495)	(189,498)	(178,870)	(177,097)	(39,018)	(14,743)	22,409	76,610	
Funded Ratio	34.3%	49.8%	53.2%	61.4%	63.7%	65.1%	89.9%	96.2%	105.6%	120.4%	
<b>Actuarial Required Contributions (ARC)</b>											
Recommended	13.07%	14.04%	36.91%	23.94%	23.56%	20.26%	19.73%	19.73%	11.84%	9.97%	9.97%
Budgeted	11.41%	13.25%	14.46%	14.56%	14.80%	15.40%	16.65%	16.38%	17.32%	9.97%	9.97%
Variance	-1.66%	-0.79%	-22.45%	-9.38%	-8.76%	-4.86%	-3.08%	-3.35%	5.48%	0.00%	0.00%

- **Insurance Subsidy Appropriation** – for FY 2006 the money represents an Insurance Subsidy received from the General Fund and 2007-2010 are funds received for Medicare Drug Subsidy.
- **Employer Group Waiver** – Prescription Drug Benefit Plan that had a direct contract with CMS for providing prescription drug coverage to a group of eligible beneficiaries.

# SPRSHZ Cash Flow 2006-2016

KENTUCKY RETIREMENT SYSTEMS											
Cash Flow											
Insurance Fund											
State Police Employees Insurance Fund (SPRSHZ)											
	\$000's										
As of June 30	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contributions</b>											
Employer Contributions	5,990	6,489	7,329	7,414	8,369	10,051	10,808	16,829	14,498	10,379	10,228
Insurance Subsidy Appropriation	890	361	184	229	274						
Employer Group Waiver						318	279	178			
Premiums Received from Retirees	5	8	9	23	16	18	20	23	11	1	(29)
Retired Reemployed Healthcare							2		(5)	3	9
Interest/Dividends	2,204	2,786	2,828	2,096	1,970	2,909	3,040	3,702	3,937	3,960	3,043
Securities Lending Income	1,125	1,620	1,506	360	70	79	3	83	54	37	58
<b>Contribution Inflow</b>	<b>10,214</b>	<b>11,264</b>	<b>11,856</b>	<b>10,122</b>	<b>10,699</b>	<b>13,375</b>	<b>14,152</b>	<b>20,815</b>	<b>18,495</b>	<b>14,380</b>	<b>13,309</b>
Healthcare Premiums	(7,252)	(5,288)	(5,557)	(6,005)	(9,071)	(10,271)	(8,728)	(11,279)	(12,584)	(13,461)	(13,836)
Administration Fees	(68)	(105)	(106)	(124)	(147)	(179)	(201)	(184)	(57)	(65)	(63)
Tax									(1)		
Self Funding Insurance	(564)	(1,227)	(1,211)	(1,471)	(1,698)	(1,901)	(2,063)	(1,267)	(103)	(22)	(27)
Investment Expense	(132)	(133)	(147)	(105)	(253)	(915)	(365)	(424)	(647)	(1,191)	(1,392)
Securities Lending Borrower Rebates	(1,035)	(1,534)	(1,276)	(181)	(3)	(10)	6	1	5	13	(2)
Security Lending Agent Fee	(18)	(14)	(47)	(32)	(13)	(14)	(3)	(11)	(9)	(6)	(8)
<b>Contribution Outflow</b>	<b>(9,069)</b>	<b>(8,301)</b>	<b>(8,344)</b>	<b>(7,918)</b>	<b>(11,185)</b>	<b>(13,290)</b>	<b>(11,354)</b>	<b>(13,164)</b>	<b>(13,396)</b>	<b>(14,732)</b>	<b>(15,328)</b>
<b>Net Contributions</b>	<b>1,145</b>	<b>2,963</b>	<b>3,512</b>	<b>2,204</b>	<b>(486)</b>	<b>85</b>	<b>2,798</b>	<b>7,651</b>	<b>5,099</b>	<b>(352)</b>	<b>(2,019)</b>
<b>Investment Activity</b>											
Net Appreciation of Investment in Fair Value	9,907	19,151	(14,304)	(30,304)	11,314	22,724	(4,139)	9,642	17,168	108	(1,747)
<b>Total Net Position</b>	<b>\$11,052</b>	<b>\$22,114</b>	<b>(\$10,792)</b>	<b>(\$28,100)</b>	<b>\$10,828</b>	<b>\$22,809</b>	<b>(\$1,341)</b>	<b>\$17,293</b>	<b>\$22,267</b>	<b>(\$244)</b>	<b>(\$3,766)</b>
<b>Asset Value Ending 6/30</b>	<b>\$ 110,460</b>	<b>\$ 132,574</b>	<b>\$ 121,782</b>	<b>\$ 93,682</b>	<b>\$ 104,510</b>	<b>\$ 127,319</b>	<b>\$ 125,398</b>	<b>\$ 142,691</b>	<b>\$ 164,958</b>	<b>\$ 164,714</b>	<b>\$ 160,948</b>
Actuarial Liability	\$ 582,581	\$ 432,763	\$ 445,107	\$ 364,031	\$ 434,960	\$ 438,428	\$ 333,904	\$ 222,327	\$ 234,271	\$ 254,839	
Unfunded Liability (based on Actuarial Calculations)	\$ (477,001)	\$ (317,547)	\$ (321,146)	\$ (240,504)	\$ (313,785)	\$ (314,740)	\$ (209,532)	\$ (86,006)	\$ (78,676)	\$ (87,064)	
Funded Ratio	18.1%	26.6%	27.9%	33.9%	27.9%	28.2%	37.3%	61.3%	66.4%	65.8%	
<b>Actuarial Required Contributions (ARC)</b>											
Recommended	20.34%	21.66%	91.05%	27.75%	26.64%	49.89%	54.83%	55.93%	43.17%	21.86%	21.86%
Budgeted	12.60%	13.06%	13.77%	14.79%	16.27%	24.10%	25.58%	30.43%	31.65%	21.86%	21.86%
Variance	-7.74%	-8.60%	-77.28%	-12.96%	-10.37%	-25.79%	-29.25%	-25.50%	-11.52%	0.00%	0.00%

- **Insurance Subsidy Appropriation** – for FY 2006 the money represents an Insurance Subsidy received from the General Fund and 2007-2010 are funds received for Medicare Drug Subsidy.
- **Employer Group Waiver** – Prescription Drug Benefit Plan that had a direct contract with CMS for providing prescription drug coverage to a group of eligible beneficiaries.

# CERSNHZ Cash Flow 2006-2016

KENTUCKY RETIREMENT SYSTEMS											
Cash Flow											
Insurance Fund											
County Employees Insurance Fund (CERSNHZ)											
	\$000's										
As of June 30	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contributions</b>											
Employer Contributions	126,481	147,609	196,110	123,761	166,032	185,639	164,297	158,212	121,160	115,836	108,269
Insurance Subsidy Appropriation	2,387	9,623	6,003	7,624	9,157						
Employer Group Waiver						10,449	8,443	5,360	6		
Premiums Received from Retirees	6,365	13,997	15,104	14,264	15,641	17,060	15,525	14,512	1,450	582	629
Interest/Dividends	15,741	22,244	25,028	18,937	17,726	21,577	33,381	41,307	43,178	44,627	36,102
Securities Lending Income	9,502	16,645	13,390	3,506	733	879	39	723	638	451	702
Retired Reemployed Healthcare				92	575	993	1,968	1,781	2,117	3,608	3,567
<b>Total Inflows</b>	<b>160,476</b>	<b>210,118</b>	<b>255,635</b>	<b>168,184</b>	<b>209,864</b>	<b>236,597</b>	<b>223,653</b>	<b>221,895</b>	<b>168,549</b>	<b>165,104</b>	<b>149,269</b>
Healthcare Premiums	(56,985)	(44,141)	(48,789)	(56,355)	(63,089)	(71,859)	(79,378)	(91,272)	(92,637)	(110,032)	(118,603)
Administration Fees	(1,539)	(3,040)	(3,425)	(4,053)	(4,469)	(4,763)	(5,545)	(4,431)	(488)	(782)	(715)
Tax									(20)	(6)	(11)
Self Funding Insurance	(15,934)	(41,058)	(47,177)	(52,640)	(60,044)	(60,085)	(62,316)	(41,217)	(4,168)	(3,702)	(4,110)
Investment Expense	(942)	(998)	(1,232)	(930)	(2,862)	(2,834)	(3,438)	(4,280)	(7,388)	(13,131)	(16,592)
Securities Lending Borrower Rebates	(8,736)	(15,751)	(11,409)	(1,715)	(32)	(112)	70	(6)	54	153	(36)
Security Lending Agent Fee	(158)	(155)	(419)	(301)	(138)	(151)	(31)	(132)	(103)	(70)	(100)
<b>Total Outflows</b>	<b>(84,294)</b>	<b>(105,143)</b>	<b>(112,451)</b>	<b>(115,994)</b>	<b>(130,634)</b>	<b>(139,804)</b>	<b>(150,638)</b>	<b>(141,338)</b>	<b>(104,750)</b>	<b>(127,570)</b>	<b>(140,167)</b>
<b>Net Position excluding Gains/Losses</b>	<b>76,182</b>	<b>104,975</b>	<b>143,184</b>	<b>52,190</b>	<b>79,230</b>	<b>96,793</b>	<b>73,015</b>	<b>80,557</b>	<b>63,799</b>	<b>37,534</b>	<b>9,102</b>
<b>Investment Activity</b>											
Net Appreciation of Investment in Fair Value	68,331	166,070	(121,282)	(263,645)	121,101	255,384	(63,013)	109,582	195,952	4,701	(21,498)
<b>Total Net Position</b>	<b>\$144,513</b>	<b>\$271,045</b>	<b>\$21,902</b>	<b>(\$211,455)</b>	<b>\$200,331</b>	<b>\$352,177</b>	<b>\$10,002</b>	<b>\$190,139</b>	<b>\$259,751</b>	<b>\$42,235</b>	<b>(\$12,396)</b>
<b>Asset Value Ending 6/30</b>	<b>\$813,998</b>	<b>\$1,084,043</b>	<b>\$1,105,945</b>	<b>\$894,490</b>	<b>\$1,094,821</b>	<b>\$1,446,998</b>	<b>\$1,428,821</b>	<b>\$1,618,960</b>	<b>\$1,878,711</b>	<b>\$1,920,946</b>	<b>\$1,908,549</b>
Actuarial Liability	4,607,224	3,333,966	3,583,193	3,070,386	3,158,340	3,073,973	2,370,771	2,443,894	2,616,915	2,907,827	
Unfunded Liability (based on Actuarial Calculations)	(3,829,497)	(2,373,680)	(2,414,310)	(1,853,754)	(1,865,302)	(1,640,522)	(857,917)	(815,650)	(785,715)	(910,371)	
Funded Ratio	16.9%	28.8%	32.6%	39.6%	40.9%	46.6%	63.8%	66.6%	70.0%	68.7%	

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# CERSHZ Cash Flow 2006-2016

KENTUCKY RETIREMENT SYSTEMS											
Cash Flow											
Insurance Fund											
County Hazardous Employees Insurance Fund (CERSHZ)											
	\$000's										
As of June 30	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contributions</b>											
Employer Contributions	60,934	70,073	90,113	70,783	82,970	98,203	90,204	84,962	74,265	71,008	66,757
Insurance Subsidy Appropriation	3,920	657	420	628	1,493						
Employer Group Waiver						972	871	562			
Premiums Received from Retirees	98	191	222	328	435	317	290	300	31	10	(106)
Retired Reemployed Healthcare				2	73	199	405	357	527	770	862
Interest/Dividends	8,619	11,789	13,188	9,970	9,507	12,501	17,951	22,496	23,681	24,364	19,746
Securities Lending Income	5,661	8,706	7,075	1,857	394	473	21	471	354	250	384
<b>Total Inflows</b>	<b>79,232</b>	<b>91,416</b>	<b>111,018</b>	<b>83,568</b>	<b>94,872</b>	<b>112,665</b>	<b>109,742</b>	<b>109,148</b>	<b>98,858</b>	<b>96,402</b>	<b>87,643</b>
Healthcare Premiums	(28,714)	(28,991)	(32,644)	(37,184)	(43,033)	(46,180)	(44,225)	(55,842)	(60,522)	(65,403)	(68,518)
Administration Fees	(213)	(320)	(364)	(444)	(554)	(580)	(688)	(679)	(273)	(339)	(343)
Tax									(1)		
Self Funding Insurance	(1,003)	(2,616)	(2,960)	(3,833)	(5,288)	(5,651)	(5,930)	(4,099)	(321)	(152)	(137)
Investment Expense	(504)	(535)	(646)	(479)	(1,350)	(2,594)	(1,821)	(2,306)	(4,075)	(7,202)	(9,287)
Securities Lending Borrower Rebates	(5,207)	(8,240)	(5,990)	(929)	(17)	(60)	38	(8)	28	82	(19)
Security Lending Agent Fee	(94)	(81)	(220)	(164)	(74)	(81)	(17)	(73)	(57)	(39)	(55)
<b>Total Outflows</b>	<b>(35,735)</b>	<b>(40,783)</b>	<b>(42,824)</b>	<b>(43,033)</b>	<b>(50,316)</b>	<b>(55,146)</b>	<b>(52,643)</b>	<b>(63,007)</b>	<b>(65,221)</b>	<b>(73,053)</b>	<b>(78,359)</b>
<b>Net Position excluding Gains/Losses</b>	<b>43,497</b>	<b>50,633</b>	<b>68,194</b>	<b>40,535</b>	<b>44,556</b>	<b>57,519</b>	<b>57,099</b>	<b>46,141</b>	<b>33,637</b>	<b>23,349</b>	<b>9,284</b>
<b>Investment Activity</b>											
Net Appreciation of Investment in Fair Value	36,684	78,402	(61,936)	(133,716)	58,828	129,003	(32,299)	59,305	105,346	2,828	(9,667)
<b>Total Net Position</b>	<b>\$80,181</b>	<b>\$129,035</b>	<b>\$6,258</b>	<b>(\$93,181)</b>	<b>\$103,384</b>	<b>\$186,522</b>	<b>\$24,800</b>	<b>\$105,446</b>	<b>\$138,983</b>	<b>\$26,177</b>	<b>(\$383)</b>
<b>Asset Value Ending 6/30</b>	<b>\$441,121</b>	<b>\$570,156</b>	<b>\$576,414</b>	<b>\$483,233</b>	<b>\$586,617</b>	<b>\$773,139</b>	<b>\$785,874</b>	<b>\$891,320</b>	<b>\$1,030,303</b>	<b>\$1,056,480</b>	<b>\$1,056,097</b>
Actuarial Liability	1,928,481	1,646,460	1,769,783	1,593,548	1,674,703	1,647,703	1,364,843	1,437,333	1,493,864	1,504,015	
Unfunded Liability (based on Actuarial Calculations)	(1,505,696)	(1,133,533)	(1,156,257)	(942,417)	(981,933)	(876,912)	(535,802)	(544,558)	(496,131)	(416,308)	
Funded Ratio	21.9%	31.2%	34.7%	40.9%	41.4%	46.8%	60.7%	62.1%	66.8%	72.3%	

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